Binastra Corporation Group (BNASTRA MK)

4QFY26: Yielding On Growing Ambitions

	BUY (Maintained)
Share Price	RM1.98
Target Price	RM2.68
Upside	35.35%

Highlights

- Binastra charted resilient earnings growth of 69% yoy in 4QFY26, supported by growing orderbook and LF Lansen contributions.
- Maintain BUY with an unchanged target price of RM2.68, pegged to FY27 valuations. Binastra offers prospective dividend yields of 4.0-5.5% in FY27-29, based on our revised 50% payout ratio.

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4QFY26 Results

Year to 31 Jan (RMm)	4QFY26	qoq chg	yoy chg	FY26	yoy chg
(RMm)	(RMm)	(%)	(%)	(RMm)	(%)
Revenue	477.2	28.5	76.6	1,502.3	58.7
Operating expenses	(414.5)	(30.7)	(79.7)	(1,308.7)	(61.4)
EBIT	59.1	16.1	61.2	180.6	41.9
Finance costs	(0.9)	(199.0)	(984.3)	(2.1)	(43.7)
Associates and joint ventures	0.0	n.a.	n.a.	0.0	n.a.
PBT	59.0	15.1	58.7	180.8	45.2
Taxation	(15.1)	(27.3)	(25.0)	(43.9)	(28.4)
PATAMI	42.4	13.0	68.9	133.5	47.9
Core PATAMI	42.4	13.0	69.1	133.5	48.1
Margin (%)					
EBIT	12.4	-1.3	-1.2	12.0	-1.4
PBT	12.4	-1.4	-1.4	12.0	-1.1
Core PATAMI	8.9	-1.2	-0.4	8.9	-0.6

Source: Binastra, UOB Kay Hian

Analysis

- **Results within expectations.** Binastra Corporation Group (Binastra) reported a stronger 4QFY26 core net profit of RM42.4m (+13% qoq, 69% yoy) on record-high revenue of RM477.2m (+29qoq, 77% yoy). FY26 earnings surged 48% yoy as construction revenue rose meaningfully in tandem with orderbook rise. Meanwhile, 51.0%-owned subsidiary LF Lansen also delivered stellar earnings growth and contributed positively to Binastra's FY26 profitability. Overall, FY26 earnings came in at 101% and 100% of our and consensus' estimates, respectively.
- **Positive dividends surprise.** Notably, Binastra declared 3.5 sen dividend, bringing FY26 dividend to 6.5 sen (FY25: 3 sen). This implies a payout ratio of 53% and a yield of 3.3%.

Key Financials

Year to 31 Jan (RMm)	2025	2026	2027F	2028F	2029F
Net turnover	947	1,502	2,131	2,575	2,930
EBITDA	134	207	264	313	355
Operating profit	125	194	248	295	335
Net profit (rep./act.)	90	133	174	208	237
Net profit (adj.)	90	133	174	208	237
EPS	8.3	12.3	16.0	19.1	21.7
PE	23.8	16.2	12.4	10.4	9.1
P/B	7.6	6.1	7.3	5.0	3.7
EV/EBITDA	15.8	10.3	8.1	6.8	6.0
Dividend yield	1.5	3.3	4.0	4.8	5.5
Net margin	9.5	8.9	8.2	8.1	8.1
Net debt/(cash) to equity	(25.9)	(13.8)	(18.2)	(29.1)	(37.5)
Interest cover	230.5	n.a.	69.5	88.9	120.5
ROE	49.4	42.1	53.6	57.0	46.7
Consensus net profit	-	-	174.8	209.0	-
UOBKH/Consensus (x)	-	-	0.99	0.99	-

Source: Binastra, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Industrials
Bloomberg ticker:	BNASTRA MK
Shares issued (m):	1,091.4
Market cap (RM$m):	2,291.8
Market cap (US$m):	580.6
3-mth avg daily t'over (US$m):	0.4

Price Performance (%)

52-week high/low				RM2.4/RM1.7
1mth	3mth	6mth	1yr	YTD
(2.3)	(5.4)	14.8	18.6	(3.7)

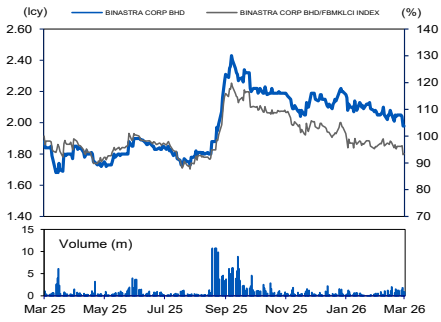
Major Shareholders

	%
JT Conglomerate Sdn Bhd	41.2
Lee Yong Seng	11.7
Tan Kak Seng	11.1

Balance Sheet Metrics

	%
FY26 NAV/Share (RM)	0.3
FY26 Net Debt/Share (RM)	0.0

Price Chart



Source: Bloomberg

Company Description

Binastra Corporation specialises in residential, commercial and industrial construction projects in Malaysia.

- **Orderbook foundations concreting fundamentals.** Binastra secured RM4.2b in new jobs in FY26, surpassing management's initial target of RM4b. YTD in FY27, the group has further clinched two new contracts amounting to RM819.5m (comprising of a RM503m DC project from Exsim, and a RM316.5m residential project from HCK Capital). We remain confident that Binastra is well on track towards our FY27 orderbook replenishment target of RM3b (mainly comprising mixed development buildings and DC infrastructures from key customers). With a record-high outstanding orderbook of RM7b (>3x revenue cover), Binastra is well positioned for record-high earnings levels throughout FY27-29.
- **Secured two new clients; diversifying earnings streams.** Binastra has secured two new customers since FY26, which are CPI Land for the Tuan Heritag3 project (Aug 25) and HCK Capital for the Subang Sentral project (Mar 26). These two new customers expanded Binastra's residential projects' client base apart from its initial three key customers, namely Platinum Victory (PV), EXSIM Development (EXSIM) and Maxim Global (MAXIM), which have relationships spanning many years (PV: 21 years; EXSIM: 14; Maxim: 7). We anticipate a visible increase in orderbook moving forward from these new customers, leveraging on their other developments.
- **DC exposure gaining momentum…** Following a RM503m DC contract from Exsim Sri Permai secured in Feb 26, Binastra has secured about RM1.9b in DC wins across six contracts. This makes up about 19% of the group's existing orderbook. Such exposure reiterates the group's technical capability for taking on different projects in its portfolio. Given the rising demand for Malaysia's DC infrastructures, Binastra is well positioned to secure more DC contracts in the future, leveraging on its existing track record. This will lift the group's overall margins given the shorter construction period for DCs and better profit margins.
- **…complemented by strategic acquisition of LF Lansen stakes.** Binastra acquired a 51% stake in LF Lansen, a CIDB Grade G7-certified contractor specialising in thermal energy storage (TES) systems for district cooling plants and buffer tanks for DCs in Malaysia, Singapore, Vietnam and the Philippines. This strategic acquisition strengthened Binastra's engineering, procurement, construction and commissioning (EPCC) capabilities and the provision of energy-efficient engineering solutions, benefitting the group's DC bids. LF Lansen is also earnings accretive to Binastra, supported by a RM41m outstanding orderbook (as of Jan 26) and several contracts under negotiations.

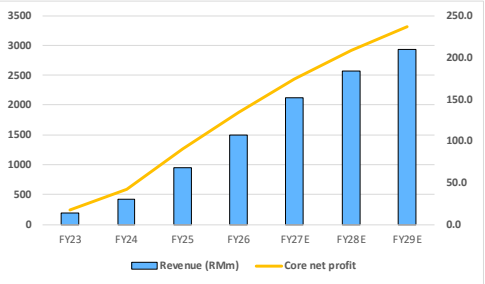
Valuation/Recommendation

- **Maintain BUY with an unchanged target price of RM2.68,** pegged to 16.8x FY27F PE (three-year mean). We continue to like Binastra for its discounted valuations of 12.4x FY27F PE, well below the sector average of 17x.

Earnings Revision/Risk

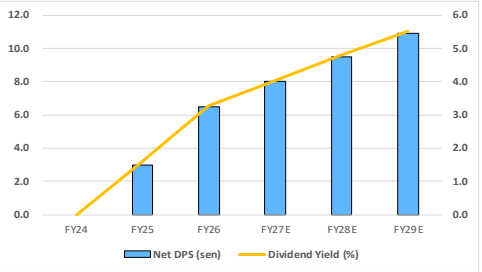
- **We raise our FY27-28 earnings forecasts by 3% and 7% respectively,** factoring in the group's strong contract replenishments which are above our initial expectations. We also introduce our FY29 earnings forecast.
- **We also raise our dividend payout ratio to 50% for FY27-29,** following FY26's commendable payout ratio of 53%. This translates into a prospective dividend yield of 4.0-5.5% in FY27-29 (with room for capital management upside).

Revenue And Net Profit Trend (RMm)



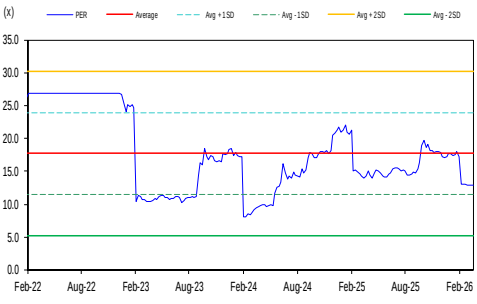
Source: Binastra, UOB Kay Hian

Dividend And Yield (%)



Source: Binastra, UOB Kay Hian

Three-year PE Band



Source: Bloomberg, UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental

- Embarked on measuring Scope 1, 2 and 3 emissions in FY25. This marks its first emissions report and serves as a basis for establishing its future emission reduction targets.

Social

- Made contributions of more than RM170,000 through 10 social initiatives, impacting more than 10,000 beneficiaries.

Governance

- Implemented integrated management systems which comply with Environmental Quality Act 1974, Occupational Safety and Health (Amendment) Act 2022, Construction Industry Development Board Act 1994 and all relevant laws and regulations.

Source: Binastra, UOB Kay Hian

Profit & Loss

Year to 31 Jan (RMm)	2026	2027F	2028F	2029F
Net turnover	1,502	2,131	2,575	2,930
EBITDA	207	264	313	355
Deprec. & amort.	13	16	18	21
EBIT	194	248	295	335
Associate contributions	0	0	0	0
Net interest income/(expense)	0	(4)	(4)	(3)
Pre-tax profit	181	229	274	311
Tax	(44)	(55)	(66)	(75)
Minorities	(3)	0	0	0
Net profit	133	174	208	237
Net profit (adj.)	133	174	208	237

Balance Sheet

Year to 31 Jan (RMm)	2026	2027F	2028F	2029F
Fixed assets	51	85	117	147
Other LT assets	28	28	28	28
Cash/ST investment	115	120	192	284
Other current assets	1,111	1,120	1,353	1,540
Total assets	1,304	1,353	1,690	1,998
ST debt	62	62	62	62
Other current liabilities	857	962	1,162	1,322
LT debt	4	4	4	4
Other LT liabilities	10	10	10	10
Shareholders' equity	352	297	433	581
Minority interest	20	20	20	20
Total liabilities & equity	1,304	1,353	1,690	1,998

Cash Flow

Year to 31 Jan (RMm)	2026	2027F	2028F	2029F
Operating	88	124	175	208
Pre-tax profit	181	229	274	311
Tax	(44)	(55)	(66)	(75)
Deprec. & amort.	13	16	18	21
Associates	0	0	0	0
Working capital changes	(76)	(60)	(46)	(45)
Other operating cashflows	14	(5)	(5)	(4)
Investing	(39)	(44)	(44)	(43)
Capex (growth)	(12)	(50)	(50)	(50)
Proceeds from sale of assets	0	0	0	0
Others	(33)	0	0	1
Financing	(37)	(42)	(59)	(73)
Dividend payments	(65)	(71)	(87)	(103)
Issue of shares	0	0	0	0
Proceeds from borrowings	(1)	(1)	(1)	(1)
Others/interest paid	(1)	0	0	2
Net cash inflow (outflow)	11	38	72	92
Beginning cash & cash equivalent	104	82	120	192
Changes due to forex impact	0	0	0	1
Ending cash & cash equivalent	115	120	192	285

Key Metrics

Year to 31 Jan (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	13.8	12.4	12.2	12.1
Pre-tax margin	12.0	10.7	10.6	10.6
Net margin	8.9	8.2	8.1	8.1
ROA	13.1	13.1	13.7	12.8
ROE	42.1	53.6	57.0	46.7
Growth				
Turnover	58.7	41.9	20.8	13.8
EBITDA	54.6	27.6	18.8	13.5
Pre-tax profit	45.2	26.5	19.6	13.9
Net profit	47.8	30.3	19.6	13.9
Net profit (adj.)	48.0	30.3	19.6	13.9
EPS	48.0	30.3	19.6	13.9
Leverage				
Debt to total capital	15.1	17.3	12.7	9.9
Debt to equity	18.7	22.2	15.2	11.4
Net debt/(cash) to equity	(13.8)	(18.2)	(29.1)	(37.5)
Interest cover	n.a.	69.5	88.9	120.5

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